

**G. B. COOLEY HOSPITAL SERVICE DISTRICT****Financial Report  
For the Year Ended June 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/14/09

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
OUACHITA PARISH  
WEST MONROE, LOUISIANA**

**Basic Financial Statements  
As of and for the Year Ended June 30, 2008  
With Supplemental Information Schedules**

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

**The Board of Commissioners  
G. B. Cooley Hospital Service District  
West Monroe, Louisiana**

We have audited the accompanying financial statements of the business-type activities of G. B. Cooley Hospital Service District (a component unit of the Ouachita Parish Policy Jury - the Hospital) as of June 30, 2008 and 2007 and for the years then ended which collectively comprise the Hospital's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hospital as of June 30, 2008 and 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**The Board of Commissioners  
G. B. Cooley Hospital Service District**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008 on our consideration of the Hospital's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise G. B. Cooley Hospital Service District's basic financial statements. The Supplemental Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as whole.

*Huffman, Huffman, Regalado, & Sengines*

(A Professional Accounting Corporation)

December 31, 2008

## **REQUIRED SUPPLEMENTAL INFORMATION**

## **G.B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS**

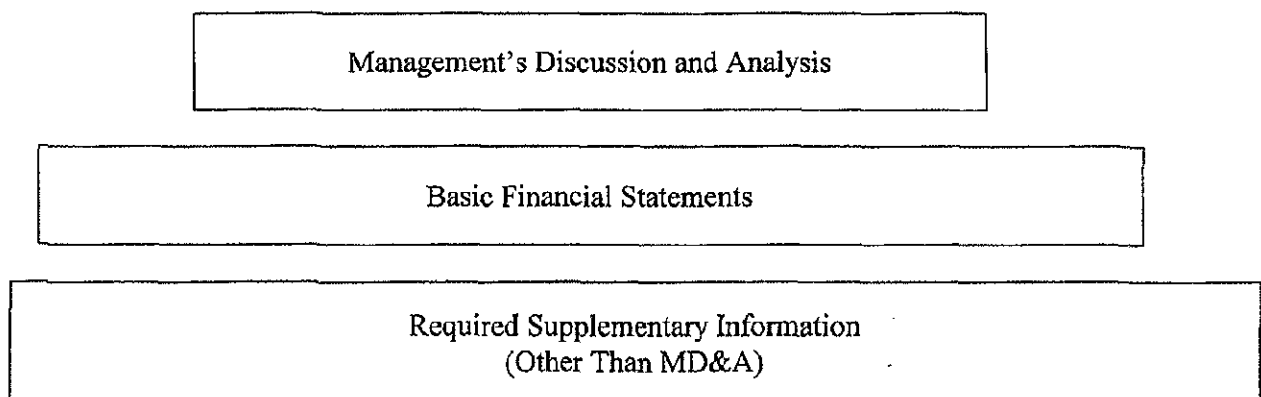
Our discussion and analysis of G. B. Cooley Hospital Service District's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Hospital's basic financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

- The Hospital's total net assets (that is the amount by which total assets exceed liabilities) was in the amount of \$3,130,892 at the close of fiscal year 2008, which represents a \$616,168 (or a 24.5%) increase from last year.
- The Hospital's operating revenue is generated primarily by state grants and is based on each client's Inventory for Client and Agency Planning (ICAP) daily rate. Operating revenue is generally subject to the number of residents housed and the level of care required and can fluctuate but is generally consistent from year to year. The Hospital's operating revenues increased by \$598,323 (or 6.68%).
- The Hospital's nonoperating revenues consist primarily of ad valorem tax (92.1%), interest income (3.15%), and other income (4.75%). Ad valorem tax revenue is related to taxes on property in Ouachita Parish and collected by the Ouachita Parish Sheriff, and thus is more subject to fluctuation from year to year. Interest income is based on market rates established by financial institutions and have declined slightly from the prior year.
- The Hospital's expenses increased by \$163,083 (or 1.63%) from \$10,007,764 last fiscal year to \$10,170,847 this fiscal year as a result of offsetting increases and decreases in cost.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The graphic below illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB 34, Basic Financial Statements and Management's Discussion and Analysis.



## G. B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

This financial report consists of two sections – Management’s Discussion and Analysis (this section), the basic financial statements (including the related notes to the financial statements), and required supplementary information, as may be applicable. Other than the MD&A, in the Hospital’s case, there is no required supplementary information applicable.

### Basic Financial Statements

The basic financial statements present information for the Hospital as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements of Cash Flows.

The Statements of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the Hospital’s total net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (page 12) presents information showing how the Hospital’s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method. It includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (the “indirect method”) as required by GASB 34.

### FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

#### STATEMENTS OF NET ASSETS

	Total		
	2008	2007	% Change
Current and Other Assets	\$ 2,731,641	\$ 2,299,437	18.80%
Capital Assets	1,463,823	1,442,644	1.47%
Total Assets	<u>4,195,464</u>	<u>3,742,081</u>	
Current and Other Liabilities	901,562	1,042,212	-13.50%
Long-Term Obligations	163,010	185,145	-11.96%
Total Liabilities	<u>1,064,572</u>	<u>1,227,357</u>	
Net Assets:			
Invested in Capital Assets	1,203,873	1,218,957	-1.24%
Unrestricted	1,927,019	1,295,767	48.72%
Total Net Assets	<u>\$ 3,130,892</u>	<u>\$ 2,514,724</u>	

## G. B. COOLEY HOSPITAL SERVICE DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

Unrestricted net assets are those that do not have any specified limitation on what these amounts may be used for, therefore, the net assets are available for future operations. Net Assets increased by \$616,168 from June 30, 2008 to June 30, 2007. The Board planned for a reduction in operations through the budget process.

	Total	
	2008	2007
Operating Revenues	\$ 9,550,570	\$ 8,952,247
Operating Expenses	(10,170,847)	(10,007,764)
Operating Loss	(620,277)	(1,055,517)
Nonoperating Revenues and Expenses	1,236,445	1,039,353
Increase (Decrease) in Net Assets	\$ 616,168	\$ (16,164)

Operating revenues increased by \$598,323 while operating expenses increased by \$163,083. Net nonoperating revenue increased by \$197,092. Operating expenses increased in the areas of salaries and related benefits (\$211,738), travel and mileage (\$54,238) and professional services (\$70,619).

### CAPITAL ASSETS AND DEBTS

#### Capital Assets

At the end of the fiscal year, there was a book balance of \$1,463,823 (that is a balance of \$6,461,615 net of accumulated depreciation of \$4,997,792) invested in capital assets that consisted of land, buildings, vehicles, equipment, and furniture and fixtures. There was \$417,139 in additions to vehicles, furniture and fixtures, equipment, building and land.

#### Debts

The Hospital has outstanding obligations relating to compensated absences (accrued vacation, sick, and compensatory leave), certificates of indebtedness related to the acquisition and renovation of community homes, and capital leases of vehicles and equipment. All are described in the notes to the financial statements.

### CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hospital's executive officer at 364 G. B. Cooley Road, West Monroe, Louisiana 71291-8800.



## **BASIC FINANCIAL STATEMENTS**

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
STATEMENTS OF NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<i>Cash and Cash Equivalents (Note 2)</i>	\$ 1,611,359	\$ 476,043
Investments	62,481	517,359
Receivables, Net of Allowance for Doubtful Accounts of \$6,887 and \$9,411 (Note 3)	828,568	1,073,415
Prepaid and Other Items	<u>109,395</u>	<u>92,706</u>
Total Current Assets	2,611,803	2,159,523
<b>Restricted Assets</b>		
Restricted Cash and Equivalents (Note 6)	119,838	139,914
<b>Property and Equipment, Net (Note 4)</b>	<u>1,463,823</u>	<u>1,442,644</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,195,464</u>	<u>\$ 3,742,081</u>

The accompanying notes are an integral part of these financial statements.

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities (payable from current assets)</b>		
Accounts Payable	\$ 101,647	\$ 297,840
Accrued Payroll	162,360	59,646
Withholding and Payroll Taxes Payable	54,875	24,601
Other Liabilities	52,273	53,853
Accrued Vacation and Sick Pay, Current Portion (Note 7)	275,993	377,973
Current Portion of Capital Lease Obligations (Note 8)	134,576	88,385
Total Current Liabilities	<u>781,724</u>	<u>902,298</u>
<b>Liabilities Payable from Restricted Assets</b>		
Individuals' Funds Liability (Note 6)	<u>119,838</u>	<u>139,914</u>
Total Noncurrent Liabilities	<u>119,838</u>	<u>139,914</u>
<b>Long - Term Liabilities</b>		
Accrued Vacation and Sick Pay, Net of Current Portion (Note 7)	37,636	49,843
Long-term Obligations, Net of Current Portion (Note 9)	<u>125,374</u>	<u>135,302</u>
Total Long-Term Liabilities	<u>163,010</u>	<u>185,145</u>
<b>TOTAL LIABILITIES</b>	<u>1,064,572</u>	<u>1,227,357</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	1,203,873	1,218,957
Unrestricted Net Assets	<u>1,927,019</u>	<u>1,295,767</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,130,892</u>	<u>\$ 2,514,724</u>

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<b>Operating Revenues</b>		
Charges for Services:		
Intergovernmental Revenues		
State of Louisiana		
Title XIX Residential Program	\$ 8,481,103	\$ 8,113,178
Title XIX Waiver Program	279,761	196,376
One On One Staff Program	129,372	89,280
Total Intergovernmental Revenues	<u>8,890,236</u>	<u>8,398,834</u>
Private Revenues		
Residential Program	540,541	463,243
Other Services Revenues		
Employment Services	<u>119,793</u>	<u>90,170</u>
Total Operating Revenues	9,550,570	8,952,247
<b>Operating Expenses</b>		
Salaries	5,558,375	5,368,885
Payroll Taxes and Benefits	1,081,524	1,059,276
Supplies	364,884	351,760
Travel and Mileage	194,184	143,946
Food	285,836	274,652
Facility	743,856	915,434
Insurance	480,420	519,080
Professional Fees	1,109,412	1,061,793
Depreciation	311,311	284,624
Interest Expense	41,045	28,314
Total Operating Expenses	<u>10,170,847</u>	<u>10,007,764</u>
<b>Operating Loss</b>	(620,277)	(1,055,517)

(Continued)

The accompanying notes are an integral part of these financial statements.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - (CONCLUDED)**  
**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	June 30,	
	2008	2007
<b>Nonoperating Revenues and Expenses</b>		
Ad Valorem Tax Revenues	1,138,688	1,066,221
Interest Income	39,080	54,696
Cottage Life, Excess of Contributions		
Received Over Expenses Incurred	1,406	976
Miscellaneous Income	17,905	5,831
Gain on Disposal of Property and Equipment	39,366	2,176
Insurance Claims and Lawsuit Settlements	-	(90,547)
Excess of Nonoperating Revenues		
Over Nonoperating Expenses	1,236,445	1,039,353
<b>Changes in Net Assets</b>	616,168	(16,164)
<b>Net Assets at Beginning of Year</b>	2,514,724	2,783,065
<b>Total Net Assets at End of Year</b>	\$ 3,130,892	\$ 2,514,724

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	June 30,	
	2008	2007
<b>Cash Flow from Operating Activities</b>		
Cash Received from Intergovernmental Agencies	\$ 9,089,872	\$ 8,141,020
Cash Received from Patients and Others	703,478	514,178
Payments to Employees for Services and Benefits	(6,621,100)	(6,520,019)
Payments to Suppliers	(3,393,053)	(3,537,007)
Net Cash Flow Used by Operating Activities	<u>(220,803)</u>	<u>(1,401,828)</u>
<b>Cash Flow From Noncapital Financing Activities</b>		
Tax Revenues	1,138,005	1,120,507
Contribution - Cottage Life, net of Expenses	1,406	976
Miscellaneous Income	17,906	5,831
Net Cash Flow Provided by Noncapital Financing Activities	<u>1,157,317</u>	<u>1,127,314</u>
<b>Cash Flow From Capital and Related Financing Activities</b>		
Proceeds from Sale of Assets	110,422	2,152
Purchases of Property, Plant, and Equipment	(290,141)	(55,252)
Interest Expense	(41,045)	(28,314)
Proceeds from Issuance of Debt	37,500	-
Payment on Capital Leases	(114,642)	(65,862)
Net Cash Flow Used by Capital and Financing Activities	<u>(297,906)</u>	<u>(147,276)</u>
<b>Cash Flow from Investing Activities</b>		
Sale (Purchase) of Investments	454,878	(17,266)
Interest Income	41,830	54,986
Net Cash Flow Provided by Investing Activities	<u>496,708</u>	<u>37,720</u>
<b>Decrease in Cash and Cash Equivalents</b>	1,135,316	(384,070)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>476,043</u>	<u>860,113</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,611,359</u>	<u>\$ 476,043</u>
<b>Noncash Capital and Related Financing Activities</b>		
Additions to Fixed Assets Through Capital Lease	\$ 126,602	\$ 205,200
Retirement of Debt Through Insurance Proceeds	13,198	-
Total Noncash Capital and Related Financing Activities	<u>\$ 139,800</u>	<u>\$ 205,200</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
STATEMENTS OF CASH FLOWS (CONCLUDED)  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<b>Reconciliation of Loss From Operations</b>		
<b>to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (620,277)	\$ (1,055,517)
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	311,311	284,624
Bad Debt Expense	-	430
Interest Expense	41,045	28,314
Change in Current Assets and Liabilities:		
Accounts Receivable	242,781	(243,473)
Prepaid Items	(16,689)	(9,816)
Accounts Payable	(196,193)	(167,411)
Accrued Payroll and Related Liabilities	132,986	(113,174)
Accrued Vacation and Sick Leave Payable	(114,187)	(23,468)
Other Liabilities	(1,580)	(102,337)
Total Adjustments	<u>399,474</u>	<u>(346,311)</u>
Net Cash Used by Operating Activities	<u>\$ (220,803)</u>	<u>\$ (1,401,828)</u>

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

***History***

G. B. Cooley Hospital Service District (the Hospital) is a training facility that provides twenty-four hour care for the mentally retarded. The Hospital was created April 11, 1962, by Ordinance Number 7127 of the Ouachita Parish Policy Jury. The Hospital provides all basic needs for each individual, including speech therapy, occupational therapy, physical therapy, psychological services, and vocational training services. The vocational training objective is to teach individuals vocational skills in order that they may be eligible for community employment.

The Hospital is a component unit of the Ouachita Parish Police Jury because the Police Jury appoints the Board and there is the potential for the Hospital to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury. Each member of the Board of Commissioners must be a qualified voter and resident of the Hospital Service District. The Board of Commissioners consists of seven members, each appointed to a six-year term. The members receive a travel allowance of \$40 per meeting attended.

**Note 1 – Summary of Significant Accounting Policies**

***A. Basis of Accounting and Presentation***

The accompanying component unit financial statements of the Hospital have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Hospital uses the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

***B. Reporting Entity***

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In conformance with GASB Codification Section 2100, the Hospital is a component unit of the Ouachita Parish Police Jury. The accompanying basic financial statements present only the transactions of G. B. Cooley Hospital Service District of the Parish of Ouachita, Louisiana.



**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

*C. Cash Equivalents*

For purposes of the Statements of Cash Flows, the Hospital considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

*D. Receivables - Bad Debts*

The Hospital has established an Allowance for Doubtful Accounts based on management's assessment of ultimate collectibility of older outstanding receivables.

*E. Property and Equipment*

Fixed assets are recorded at cost, if purchased, or at fair market value, if donated.

The original land and buildings where the Hospital is operating are owned by the Ouachita Parish Police Jury and are leased to the Hospital. They are not recorded on the books. All improvements are reflected on the books, at cost, under leasehold improvements. The Hospital has acquired additional land and buildings, which are recorded on the books at cost.

The Hospital computes depreciation using the straight-line method over the estimated useful lives of the related assets. The Hospital leases vehicles with a carrying amount of \$407,641 which are depreciated using policies consistent with that of similar owned assets. The estimated useful lives used to compute depreciation are as follows:

Buildings	20 - 25 Years
Leasehold Improvements	20 - 25 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 Years

Maintenance and repairs are generally charged to operations while significant betterments are capitalized. The cost and related accumulated depreciation of assets retired, or otherwise disposed of, are eliminated from the accounts with the resulting gain or loss included in income.

*F. Net Assets*

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation, reduced by any debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contribution, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of June 30, 2008 and 2007, the Hospital had no restricted net assets.

Unrestricted – consists of all other net assets that are not included in the other categories previously mentioned.

*G. Reclassifications of Prior Year Amounts*

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

*H. Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Hospital to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Note 2 – Cash, Cash Equivalents, and Investments**

Cash, cash equivalents, and investments consisted of the following:

	June 30,	
	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash on Hand	\$ 5,620	\$ 6,220
Cash in Bank Checking and Savings Deposits	1,605,739	469,823
Restricted Cash	<u>119,838</u>	<u>139,914</u>
 Cash and Cash Equivalents	 <u>\$ 1,731,197</u>	 <u>\$ 615,957</u>
 Investments	 <u>\$ 62,481</u>	 <u>\$ 517,359</u>

*Custodial credit risk-deposits* - At year-end, as reported on the Statements of Net Assets, the book balances of the Hospital's deposits were \$1,731,197 and \$615,957, respectively. The Hospital's bank balances totaled \$1,788,058 at June 30, 2008. State law dictates that all funds maintained in financial institutions be supported by federal depository insurance or collateral held by the trust departments of agents of the pledging financial institutions in the Hospital's name. Of the previously mentioned bank balances, \$300,000 was covered by Federal depository insurance and the remaining \$1,431,197 was covered by pledged collateral as of June 30, 2008.

As dictated by state law, the Hospital may invest in long-term certificates of deposit or bonds, debentures, or other investments guaranteed by the United States government. The Hospital has no policy concerning the maximum amount or length of time that assets may be invested. Investments held by the Hospital at June 30, 2008 consisted entirely of certificates of deposit with maturities greater than 90 days. The Hospital had investments of \$62,481 stated at cost, which approximates market. This entire amount was covered by Federal depository insurance at June 30, 2008.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Note 3 – Receivables**

Receivables consisted of the following:

	June 30,	
	2008	2007
State of Louisiana:		
Title XIX - Residential	\$ 653,698	\$ 709,051
Contractual Services	146,870	319,320
Individuals' Patient Liability	24,051	41,552
Ad Valorem Taxes Receivable	10,836	10,153
Other Receivables	-	2,750
Total Receivables	835,455	1,082,826
Less: Allowance for Doubtful Accounts	(6,887)	(9,411)
Receivables, Net of Allowance for Doubtful Accounts	<u>\$ 828,568</u>	<u>\$ 1,073,415</u>

Of the 2008 and 2007 receivable balances, over ninety percent was due from governmental agencies.

**Note 4 – Property and Equipment**

Property and Equipment consisted of the following:

	June 30, 2007	Additions	Disposals	June 30, 2008
Buildings	\$ 406,112	\$ 206,687	\$ (145,000)	\$ 467,799
Furniture, Fixtures, and Equipment	1,279,204	56,470	-	1,335,674
Leased Equipment and Vehicles	298,138	126,602	(17,099)	407,641
Vehicles	1,396,823	-	-	1,396,823
Leasehold Improvements	2,717,990	2,700	-	2,720,690
Total Property and Equipment	6,098,267	392,459	(162,099)	6,328,627
Less: Accumulated Depreciation	4,778,611	311,311	(92,130)	4,997,792
Net Depreciable Assets	1,319,656	81,148	(69,969)	1,330,835
Land	122,988	25,000	(15,000)	132,988
Total Property and Equipment	<u>\$ 1,442,644</u>	<u>\$ 106,148</u>	<u>\$ (84,969)</u>	<u>\$ 1,463,823</u>

Depreciation expense was \$311,311 and \$284,624 for the years ended June 30, 2008 and 2007, respectively.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Note 5 – Risk Financing Activities**

Beginning January 1, 2005, the Hospital obtained its own general liability insurance policy, separating from the previous coverage it had through its primary government, the Ouachita Parish Police Jury (the Police Jury). Also, beginning January 1, 2006, the Hospital obtained its own workers' compensation insurance policy, fully separating itself from the Police Jury's plan. The remaining liability for amounts due for claims occurring prior to the previously mentioned dates was \$79,634 at June 30, 2007, which is recorded in Accounts Payable.

For the year ended June 30, 2007, the Hospital established a self insurance plan to provide health insurance to substantially all employees and their families. The Hospital contributed 77% of premiums to the plan. Employees were responsible for a \$500 deductible for themselves and up to three deductibles for their family members. The plan was administered by a third party and covered up to the first \$45,000 of medical expenses with a reinsurance policy that covered up to \$1,000,000. The Hospital contributed \$77,770 and \$472,555 to the plan for the years ended June 30, 2008 and 2007, respectively, and recorded liabilities for incurred but not reported claims of \$13,072 and \$45,000 as of June 30, 2008 and 2007, respectively.

During the year ended June 30, 2008, the Hospital engaged with a group insurance provider to provide health insurance to substantially all employees and their families. The Hospital contributes 85% of premiums to the plan. Participants are covered up to a \$5,000,000 lifetime maximum. The Hospital contributed \$370,020 to this plan for the year ended June 30, 2008.

**Note 6 – Restricted Cash – Cash in Bank, Individuals' Funds Account and Individuals' Fund Liability**

G. B. Cooley Hospital is required under Title XIX to maintain cash that is the property of the individuals for their personal use. The amount of the individuals' cash is reflected in restricted assets as restricted cash and equivalents and in the individuals' funds liability account.

**Note 7 – Compensated Absences**

Employees of the Hospital earn vacation pay in varying amounts ranging from 80 to 160 working hours per year depending upon length of service. Vacation time in excess of 40 hours must be used by December 31<sup>st</sup> of the year in which it was earned or it will be forfeited. Employees with a minimum of 24 hours of accrued vacation time are allowed to cash in up to 75% of their accrued vacation at any time during the year. Employees

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

who are denied vacation because of their required presence at work are allowed to carry forward excess vacation upon recommendation of their supervisor and approval by the Director of Human Resources. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that can be accrued. Upon retirement, an eligible employee is paid vacation and up to 93 hours of sick leave at the employee's hourly rate of pay at the time of retirement. Any excess sick leave at the retirement date is forfeited. Employees are eligible for retirement based on the following:

<u>Years of Service</u>	<u>Age</u>
10	60
25	55
30	Regardless of Age
Any	65

Accrued vacation and sick pay, including applicable salary related payments, consisted of the following:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Accrued Vacation	\$ 304,501	\$ 415,568
Accrued Sick Pay	9,128	12,248
Totals	313,629	427,816
Less: Current Portion	<u>(275,993)</u>	<u>(377,973)</u>
LONG-TERM PORTION	<u>\$ 37,636</u>	<u>\$ 49,843</u>

**Note 8 – Capital Lease Obligations**

The Hospital leases vehicles under capital leases. The combined monthly payment is \$13,535 and the leases carry interest rates ranging from 5.2% - 15.7%. Future maturities of capital lease obligations are as follows:

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

June 30, 2008	\$ 236,582
Less: Amount representing interest	<u>(14,132)</u>
Present value of future minimum lease payments	<u>\$ 222,450</u>
2009	\$ 134,576
2010	65,410
2011	<u>22,464</u>
Total	<u>\$ 222,450</u>

Changes in capital leases were as follows:

Balance at June 30, 2007	\$ 223,687
Additions	126,602
Retirements	<u>(127,839)</u>
Balance at June 30, 2008	<u>\$ 222,450</u>

**Note 9 – Long-Term Debt**

Long-term debt consisted of the following:

	June 30,	
	2008	2007
Capital Leases	\$ 222,450	\$ 223,687
Certificates of Indebtedness	<u>37,500</u>	<u>-</u>
Total Debt	259,950	223,687
Less Current Portion	<u>(134,576)</u>	<u>(88,385)</u>
Total Long-Term Portion	<u>\$ 125,374</u>	<u>\$ 135,302</u>

During the year ended June 30, 2008, the Hospital received authorization to issue \$750,000 of certificates of indebtedness. The certificates mature over a 10-year period and carry an interest rate of 6%. As of June 30, 2008, \$37,500 worth of the certificates had been issued. The Hospital is currently only paying interest on the outstanding amount and will not begin to make principal payments until all certificates have been issued, which is expected to be in early 2009. See Note 11 for further details.

**Note 10 – Property Taxes**

Property taxes are levied on real and business personal property located within the boundaries of Ouachita Parish. The Ouachita Parish Tax Assessor, an elected official, determines the fair market value of all property subject to taxation, except public service

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

properties, which are valued by the Louisiana Tax Commission. The fair market values determined by the Assessor are subject to review and approval of the Louisiana Tax Commission.

Property taxes are levied on a portion of fair market value as follows:

Land and Improvements for Residential Purposes -----	10%
Machinery, Industrial and Commercial Improvements -----	15%
Public Service Properties, Excluding Land -----	25%

The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of Ouachita Parish is the official tax collector of property taxes levied by the parish and special districts within the Parish. The 2007 property tax calendar was as follows:

Assessment	January 1, 2007
Levy Date	November 15, 2007
Total Taxes Are Due	December 31, 2007
Lien Date	January 1, 2008

Property taxes are recorded as revenue when they become available and measurable. Property taxes are considered measurable when levied. Generally, the majority of taxes are collected before the end of the Hospital's June 30 fiscal year end.

**Note 11 – Commitments**

*A. Contract and Agreement*

On April 1, 2002, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate, and provide for the operation and maintenance of the facility then known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing, and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital, at its own cost, with the improvements subject to the terms of the agreement. The agreement is for a term of 25 years beginning January 1, 2002 and ending December 31, 2026



**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

*B. Leases - Community Homes*

The Walnut, Shannon, South Grand, Spurgeon and Texas Street Community Homes are leased from the Monroe Housing Authority. The monthly rental, calculated by the Monroe Housing Authority, is based on the amount of each individual's social security benefits. G. B. Cooley Hospital is billed monthly. The lease was executed on February 16, 1984, and will terminate after 40 years. The minimum future rentals cannot be determined and, therefore, minimum future rentals disclosures for these noncancelable operating leases are not disclosed.

Other community homes are leased from individuals for varying amounts ranging from \$750 to \$1,200 monthly, with terms expiring at various dates through fiscal year 2009.

The following schedule represents annual lease commitments under noncancelable operating leases:

For Year Year Ended	Annual Lease Expense
2009	\$ 26,022
2010	1,945

Building rent expense for the year ended June 30, 2008 was \$176,342 and includes \$75,471 in lease payments to the Monroe Housing Authority.

Rent expense for the year ended June 30, 2007 was \$173,485 and includes \$65,398 in lease payments to the Monroe Housing Authority.

*C. Unissued Debt*

As previously mentioned in Note 9, the Hospital has been authorized to issue \$750,000 in certificates of indebtedness for the purposes of renovating current and purchasing new community homes. Of this amount, \$37,500 had been issued as of June 30, 2008. As of the date of this report, an additional \$50,000 has been issued. The remaining \$662,500 is expected to be issued early in calendar year 2009.

**Note 12 – Commissioners' Fees**

Each member of the Board of Commissioners is paid a \$40 per month travel allowance for each board meeting attended.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Note 13 – Contingencies and Other Matters**

The Hospital is the defendant in two lawsuits. One suit has been brought on by an employee claiming harassment and improper demotion. The Hospital's legal counsel has determined that the likelihood of an unfavorable outcome that would be material in nature is unlikely. The other suit has been filed by the mother of a former client claiming physical abuse. The Hospital's legal counsel believes there is a moderate risk that the Hospital will be liable for expense reimbursements and punitive damages, however, the amount of such liabilities is undeterminable at this time. No liabilities for these suits have been recorded in the financial statements as of and for the year ended June 30, 2008.

**Note 14 – Subsequent Event**

In July 2008, the Hospital was authorized to issue \$900,000 of certificates of indebtedness for the purposes of purchasing and renovating a building that will house the Hospital's administrative offices. The certificates carry a fixed interest rate of 4.55% and will be repaid over a period of 120 months. As of December 31, 2008, \$573,824 of these certificates has been issued and is outstanding.

## **SUPPLEMENTAL INFORMATION**

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Rita Goodin	\$ 280	\$ 560
Josie C. Roberts	480	520
Jackie Slack	360	560
Kenneth Wilson	320	400
Robert Hammack	200	520
Jim Hutchison	360	-
Jimmy Bond	240	-
Kevin Marcantel	160	560
<b>TOTAL</b>	<b>\$ 2,400</b>	<b>\$ 3,120</b>

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)  
Francis I. Huffman, CPA  
Philip A. Ragsdale, CPA  
David Ray Soignier, CPA, MBA

John Herman, CPA  
Lynn Andries, CPA  
Esther Atteberry, CPA  
Sandra Harrington, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Board of Commissioners**  
**G. B. Cooley Hospital Service District**  
**West Monroe, Louisiana**

We have audited the financial statements of **G. B. Cooley Hospital Service District** (the Hospital), as of and for the year ended June 30, 2008, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated December 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Hospital's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Hospital's financial statements that is more than inconsequential will

**Board of Commissioners**  
**G. B. Cooley Hospital Service District**

not be prevented or detected by the Hospital's internal control. We consider the deficiency described as finding 08-01 in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Hospital's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

The Hospital's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Hospital's responses and, accordingly, we express no opinion on them.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management of G. B. Cooley Hospital Service District, the Board of Commissioners, others within the entity, entities granting funds to the Hospital, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Huffman, Regalado, & Seigrist*

(A Professional Accounting Corporation)

December 31, 2008

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008**

**08 – 01        Billing, Collections, and Tracking of Client Days**

***Finding:***

As part of our audit, we compared the number of days of the fiscal year in which clients were housed at G. B. Cooley facilities (client days) to revenues recorded for each client and the related bed fees paid. In order to perform these comparisons, we received schedules, prepared internally, that listed billings and bed fees expenses both by client and location. However, while reviewing the schedules, we noticed certain discrepancies, which included:

- 1.)    The revenues schedules did not list all client days for several clients.
- 2.)    The revenues schedules did not include at least three clients listed on the bed fees schedule.
- 3.)    The revenues schedules varied from the general ledger as to both Title XIX and Patient Liability revenues.
- 4.)    The Bed Fees schedule allocated more than 366 calendar days to at least seven clients.
- 5.)    The Bed Fees schedule did not include enough calendar days for at least one client.

Breakdowns in the reconciliation process led to significant adjustments to revenues at the end of the year and a net overaccrual in revenues of approximately \$20,000 which had to be reversed. While this amount is not material to the financial statements taken as a whole, it does represent a deficiency in controls over a significant class of transactions which potentially could lead to both noncompliance with laws and regulations and improper financial reporting.

***Recommendation:***

We recommend that Hospital personnel reconcile individual days billed and bed fees remitted to a centralized client days schedule and make any necessary adjustments at least on a quarterly basis.

***Management's Corrective Action Plan:***

The Finance Director will have an Excel control sheet set up to match clients days billed and clients days paid to DHH on a quarterly basis and balance this revenue to the general ledger.

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
SUMMARY STATUS OF PRIOR FINDINGS  
JUNE 30, 2008**

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, & Monroe, CPA's audit report dated December 31, 2007, covering the examination of the financial statements of G. B. Cooley Hospital for Retarded Citizens (the Hospital) as of and for the year ended June 30, 2007.

**07-01 Conversion of Accounting Records**

***Finding:***

During fiscal 2007, the Hospital converted certain accounting records to the Sage MIP platform. These conversions included not only the general ledger, but the fixed asset records as well. During the conduct of our audit procedures, we noted the following matters:

1. Net assets did not come forward from the prior year by \$12,233.81.
2. Fixed assets totaling over \$254,000 were not moved to their correct category in the new fixed asset system.
3. An asset with a cost of \$1,750 was entered into the new fixed asset system with a cost of \$17,500.
4. Assets were included in multiple categories on the fixed asset detail (e.g., leasehold improvements and buildings).

***Status:***

Cleared.

**07-02 Reconciliation of Account Balances Monthly**

***Finding:***

We noted the following matters in performing our audit procedures in various areas;

1. Payroll withholding liability accounts, which normally have credit balances, had debit balances at June 30 2007;
2. Long-term debt accounts had numerous entries of a debit and credit nature normally associated with clearing-type accounts;



**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
SUMMARY STATUS OF PRIOR FINDINGS  
JUNE 30, 2008**

3. The entire amount of long-term debt payments was posted to principal, resulting in the Hospital not recognizing over \$21,000 in interest expense for the year ended June 30, 2007 and understating the balances owed as of that date;
4. The liability for accrued vacation was not charged as employees took their vacations during 2007, resulting in an overstatement of expenses of over \$120,000; in addition, the current year vacation liability was not recorded in the accrual;
5. The liability for incurred but not reported health insurance claims was understated by \$45,000 at June 30, 2007; in addition, the liability for workers compensation claims was understated by over \$45,000 at June 30, 2007; and,
6. A liability for an outstanding legal claim was not recognized in accordance with generally accepted accounting principles at June 30, 2007 when it was settled subsequent to year end for \$75,000.

***Status:***

Cleared.

**Current Documentation of Internal Control (Management Letter)**

***Finding:***

Management of the Hospital is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. While certain elements of the components of internal control exist and have been documented by the Hospital, the documentation has not been kept up-to-date for changes in personnel, processes and/or circumstances.

***Status:***

Cleared.

**Approval of State Bond Commission (Management Letter)**

***Finding:***

During the year ended June 30, 2007 the Hospital entered into a capital lease agreement for the purchase of several vehicles. The State Bond Commission does not consider leases of movables or installment purchases to be debt if the lease or installment purchase contains a non-appropriation

**G. B. COOLEY HOSPITAL SERVICE DISTRICT  
SUMMARY STATUS OF PRIOR FINDINGS  
JUNE 30, 2008**

clause. However, in our review of the underlying lease agreement, we noted it did not contain a nonappropriation clause and the Hospital did not obtain approval of the Bond Commission prior to entering into the lease agreement.

***Status:***

Cleared.